

EXHIBIT A

**WR Grace**

SR00000628

Bankruptcy Form 10**Index Sheet**

Claim Number: 00013964

Receive Date: 03/31/2003

Multiple Claim Reference

Claim Number _____

☐

MMPOC

Medical Monitoring Claim Form

☐

PDPOC

Property Damage

☐

NAPO

Non-Asbestos Claim Form

☐

Amended

Claim Number _____

☐

MMPOC

Medical Monitoring Claim Form

☐

PDPOC

Property Damage

☐

NAPO

Non-Asbestos Claim Form

☐

Amended

Attorney Information

Firm Number: 00353

Firm Name: Morgan Lewis & Bockius LLP

Attorney Number: 00231

Attorney Name: Richard W Esterkin

Zip Code: 90071-3132

Cover Letter Location Number: SR00000628

**Attachments
Medical Monitoring**

- ☐ TBD
- ☐ TBD
- ☐ TBD
- ☐ TBD
- ☐ TBD

**Attachments
Property Damage**

- ☐ TBD
- ☐ TBD
- ☐ TBD
- ☐ TBD
- ☐ TBD
- ☐ Other Attachments

Non-Asbestos☒ Other Attachments**Other**

- ☐ Non-Standard Form
- ☐ Amended
- ☐ Post-Deadline Postmark Date

UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF Delaware		GRACE NON-ASBESTOS PROOF OF CLAIM FORM
Name of Debtor: W.R. Grace & Co.-Conn.	Case Number 01-1179	THIS SPACE IS FOR COURT USE ONLY
NOTE: Do not use this form to assert an Asbestos Personal Injury Claim, a Settled Asbestos Claim or a Zonolite Attic Insulation Claim. Those claims will be subject to a separate claims submission process. This form should also not be used to file a claim for an Asbestos Property Damage Claim or Medical Monitoring Claim. A specialized proof of claim form for each of these claims should be filed.		
Name of Creditor (The person or other entity to whom the Debtor owes money or property): Del Taco, Inc.	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.	
Name and address where notices should be sent: Richard W. Esterkin Morgan, Lewis & Bockius LLP 300 South Grand Avenue, Suite 2200 Los Angeles, CA 90071-3132		
Account or other number by which creditor identifies Debtor: N/A	Check here <input type="checkbox"/> replaces if this claim <input type="checkbox"/> amends a previously filed claim, dated: _____	
Corporate Name, Common Name, and/or d/b/a name of specific Debtor against whom the claim is asserted: W.R. Grace & Co.-Conn.		
1. Basis for Claim <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Environmental liability <input type="checkbox"/> Money loaned <input type="checkbox"/> Non-asbestos personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other <u>Contract</u>	<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Your SS #: _____ Unpaid compensation for services performed from _____ to _____ (date)	
2. Date debt was incurred: <u>July 7, 1992</u>	3. If court judgment, date obtained: <u>N/A</u>	
4. Total Amount of Claim at Time Case Filed: If all or part of your claim is secured or entitled to priority, also complete Item 5 below. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.	\$ <u>Unknown</u>	
5. Classification of Claim. Under the Bankruptcy Code all claims are classified as one or more of the following: (1) Unsecured Nonpriority, (2) Unsecured Priority, (3) Secured. It is possible for part of a claim to be in one category and part in another. CHECK THE APPROPRIATE BOX OR BOXES that best describe your claim and STATE THE AMOUNT OF THE CLAIM AT TIME CASE FILED.		
<input type="checkbox"/> SECURED CLAIM (check this box if your claim is secured by collateral, including a right of setoff) Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Other (Describe briefly) _____ Amount of arrearage and other charges at time case filed included in secured claim above, if any: \$ _____ Attach evidence of perfection of security interest <input type="checkbox"/> UNSECURED NONPRIORITY CLAIM A claim is unsecured if there is no collateral or lien on property of the debtor securing the claim or to the extent that the value of such property is less than the amount of the claim.	<input type="checkbox"/> UNSECURED PRIORITY CLAIM - Specify the priority of the claim. <input type="checkbox"/> Wages, salaries, or commissions (up to \$4650), earned not more than 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Taxes or penalties of governmental units - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____).	
6. Credit: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		THIS SPACE IS FOR COURT USE ONLY
7. Supporting Documents: <u>Attach copies of supporting documents</u> such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.		
8. Acknowledgement: Upon receipt and processing of this Proof of Claim, you will receive an acknowledgement card indicating the date of filing and your unique claim number. If you want a file stamped copy of the Proof of Claim form itself, enclose a self addressed envelope and copy of this proof of claim form.		
Date: 3/28/03 Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): Richard W. Esterkin, Attys. for Del Taco, Inc.	WR Grace BF.46.182.9052 00013964 SR=628	

REC'D MAR 31 2003

ORIGINAL

SPECIFIC INSTRUCTIONS FOR COMPLETING GRACE NON-ASBESTOS PROOF OF CLAIM FORMS

The instructions and definitions below are general explanations of the law. In particular types of cases or circumstances, there may be exceptions to these general rules.

This Proof of Claim form is for Creditors who have Non-Asbestos Claims against any of the Debtors. Non-Asbestos Claims are any claims against the Debtors as of a time immediately preceding the commencement of the Chapter 11 cases on April 2, 2001 other than Asbestos Personal Injury Claims, Asbestos Property Damage Claims, Zonolite Attic Insulation Claims, Settled Asbestos Claims or Medical Monitoring Claims, as defined on the enclosed General Instructions. More specifically, Non-Asbestos Claims are those claims against one or more of the Debtors, whether in the nature of or sounding in tort, contract, warranty or any other theory of law or equity for, relating to or arising by reason of, directly or indirectly, any injury, damage or economic loss caused or allegedly caused directly or indirectly by any of the Debtors or any products or materials manufactured, sold, supplied, produced, specified, selected, distributed or in any way marketed by one or more of the Debtors and arising or allegedly arising directly or indirectly, from acts or omissions of one or more of the Debtors, including, but not limited to, all claims, debts, obligations or liabilities for compensatory and punitive damages.

Administrative Expenses: Those claims for, among other things, the actual, necessary costs and expenses of preserving the estate as defined in Section 503 of the Bankruptcy Code that arose after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to Section 503 of the Bankruptcy Code. This form should not be used to make a claim for an administrative expense.

Secured Claim: A claim is a secured claim to the extent that the creditor has a lien on property of the debtor (collateral) that gives the creditor the right to be paid from that property before creditors who do not have liens on the property. Examples of liens are a mortgage on real estate and a security interest in a car, truck, boat, television set, or other item of property. A lien may have been obtained through a court proceeding before the bankruptcy case began; in some states a court judgment is a lien. In addition, to the extent a creditor also owes money to the debtor (has a right to setoff), the creditor's claim may be a secured claim. (See also Unsecured Claim.)

Unsecured Claim: If a claim is not a secured claim, it is an unsecured claim. Unsecured claims are those claims for which a creditor has no lien on the debtor's property or the property on which a creditor has a lien is not worth enough to pay the creditor in full.

Unsecured Nonpriority Claim: Certain types of unsecured claims are given priority, so they are to be paid in bankruptcy cases before most other unsecured claims (if there is sufficient money or property available to pay these claims). The most common types of priority claims are listed on the proof of claim form. Unsecured claims that are not specifically given priority status by the bankruptcy laws are classified as Unsecured Nonpriority Claims.

Information about Creditor: Complete this section giving the name, address, and telephone number of the creditor to whom the debtor owes money or property, and the debtor's account number, if any. If anyone else has already filed a proof of claim relating to this debt, if you never received notices from the court which sent notice, or if this proof of claim replaces or amends a proof of claim that was already filed, check the appropriate box on the form.

1. **Basis for Claim:** Check the type of debt for which the proof of claim is being filed. If the type of debt is not listed, check "Other" and briefly describe the type of debt. If you were an employee of the debtor, fill in your social security number and the dates of work for which you were not paid.
2. **Date Debt Incurred:** Fill in the date the debt was first owed by the debtor.
3. **Court Judgments:** If you have a court judgment for this debt, state the date the court entered the judgment.
4. **Amount of Claim:** Insert the amount of claim at the time the case was filed in the appropriate box based on your selected Classification of Claim in item 5. If interest or other charges in addition to the principal amount of the claim are included, check the appropriate place on the form and attach an itemization of the interest and charges.
5. **Classification of Claim:** Check either Secured, Unsecured Nonpriority or Unsecured Priority as appropriate. (See Definitions above.)

Unsecured Priority Claim: Check the appropriate place if you have an unsecured priority claim, and state the amount entitled to priority. (See Definitions, above). A claim may be partly priority and partly nonpriority if, for example, the claim is for more than the amount given priority by the law. Check the appropriate place to specify the type of priority claim.
6. **Credits:** By signing this proof of claim, you are stating under oath that in calculating the amount of your claim, you have given the debtor credit for all payments received from the debtor.
7. **Supporting Documents:** You must attach to this proof of claim form, copies of documents that show the debtor owes the debt claimed or, if the documents are too lengthy, a summary of those documents. If documents are not available, you must attach an explanation of why they are not available.

Be sure to date the claim and place original signature of claimant or person making claim for creditor where indicated at the bottom of the claim form. Please type or print name of individual under the signature. Be sure all items are answered on the claim form. If not applicable, insert "Not Applicable".

RETURN CLAIM FORM (WITH ATTACHMENTS, IF ANY) TO THE FOLLOWING CLAIMS AGENT FOR THE DEBTORS:

Claims Processing Agent
Re: W. R. Grace & Co. Bankruptcy
P.O. Box 1620
Faribault, MN 55021-1620

The Bar Date for filing all NON-ASBESTOS CLAIMS against the Debtors is March 31, 2003 at 4:00 p.m. Eastern Time.

ATTACHMENT TO PROOF OF CLAIM

This Proof of Claim is based upon a Modification and Purchase Agreement between Creative Food 'N Fun Company ("Creative") and Del Taco Inc. ("Del Taco") dated July 7, 1992, a copy of which is attached hereto as Exhibit "1" (the "Modification Agreement"). Creative's obligations under the Modification Agreement were guaranteed by W.R. Grace & Co. - Conn. pursuant to the terms of a written "Guaranty" appended to the Modification Agreement.

Pursuant to the provisions of paragraph 8 of the Modification Agreement, Creative was obligated to indemnify Del Taco against certain losses, claims, damages, liabilities and expenses (including, without limitation, reasonable attorney's fees and other legal expenses) arising from or out of certain facts, obligations or transactions. On January 19, 1996, William Baker, Eber Jaques, Bradford Miller, Montgomery R. Fisher, Sharon R. Ormsbee, Marilyn Rea and the Fisher Trust commenced an action against Del Taco in the Superior Court of the State of California, for the County of Orange entitled Baker, et al. v. W.R. Grace & Co., etc., et al., Case No. 758512 (the "Baker Action"). A copy of the complaint in the Baker Action is attached hereto as Exhibit "2." Del Taco denies that it is liable to the plaintiffs in the Baker Action as alleged in the Baker Action. No trial has, as yet, taken place in the Baker Action.

Pursuant to the terms of the Modification Agreement, Del Taco is entitled to indemnification from Creative of its costs of defending against the Baker Action and against any liability that it may have to the plaintiffs in the Baker Action. As of the date of this Proof of Claim, Del Taco has actually incurred attorneys fees and other costs of defending against the Baker Action. Del Taco anticipates that it will incur additional attorneys fees and costs of defending against the Baker Action in the future and reserves the right to include such future costs and expenses in this Proof of Claim. In addition, although Del Taco denies that it is liable to plaintiffs in the Baker Action as alleged therein, in the event that Del Taco is found liable to the plaintiffs in the Baker Action for any amount, Del Taco reserves the right to include the amount that it may be required to pay to plaintiffs in the Baker Action on account of the Baker Action in this Proof of Claim. As the amount of such future damages is presently unknown, Del Taco is filing this Proof of Claim in an "unknown" amount. Del Taco will furnish the then present amount that it has expended in relation to the Baker Action upon request.

7/7/92 18

MODIFICATION AND PURCHASE AGREEMENT

AGREEMENT dated July 7, 1992, between CREATIVE FOOD 'N FUN COMPANY, a Delaware corporation ("CFF"), and DEL TACO, INC., a California corporation ("DTI").

W I T N E S S E T H:

WHEREAS, pursuant to the Conveyance Agreement dated September 16, 1977 (the "Original Conveyance Agreement"), between DTI and DTG, Inc. (whose current name is Del Taco Corporation), a Delaware corporation ("DTC"), DTI transferred to DTC all right, title and interest of DTI in and to (i) the name "Del Taco" everywhere in the Domestic Territory (as defined therein), (ii) United States trademark registration no. 1035949, together with the goodwill symbolized thereby, (iii) all state trademark registrations with respect to the name "Del Taco" except for registrations in California, and (iv) the Del Taco System (as defined therein) for use everywhere in the Domestic Territory;

WHEREAS, pursuant to the Service Mark License Agreement dated September 16, 1977 (the "Service Mark License Agreement"), between DTC and DTI, DTC granted to DTI the right to use the service mark "Del Taco," including the form thereof which is the subject of United States trademark registration no. 1035949, in the State of California and in Yuma, Arizona;

WHEREAS, capitalized terms used but not defined herein are used with the definitions given them in the Original Conveyance Agreement as amended by Amendment No. 1 thereto dated March 30, 1981 (the "Conveyance Agreement");

WHEREAS, pursuant to the Del Taco System and Trademark Purchase Agreement and two Assignment and Assumption Agreements, each dated as of March 1, 1984, between DTC and CFF, DTC (i) sold to CFF its entire right, title and interest in and to the Trademarks, Registrations and Del Taco System (all as defined therein), together with the goodwill of the business symbolized by the Trademarks (as defined therein), and (ii) assigned to CFF its rights and obligations under the Conveyance Agreement and the Service Mark License Agreement;

WHEREAS, CFF has operated restaurants under the Del Taco name and has franchised a system for operating Mexican fast food restaurants under the Del Taco name based on the Del Taco System (the "CFF System");

WHEREAS, CFF has entered into an agreement to sell substantially all of the fee and leasehold properties at which CFF and its affiliates currently operate such restaurants (the "Properties Sale Agreement"); and

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WHEREAS, Article 4 of the Conveyance Agreement ("Article 4") provides, on the terms and conditions set forth therein, that if, as at the end of a calendar year, the Average Stores Starts are less than 25, DTI may thereupon notify CFF that it will exercise the right (the "Article 4 Right") to open DTI Stores in the Domestic Territory;

WHEREAS, the Average Stores Starts at December 31, 1991, were less than 25; CFF does not intend to open or franchise additional Company Stores; and DTI has notified CFF that it will exercise the Article 4 Right;

WHEREAS, the parties wish to modify the Article 4 Right and to provide for the servicing of certain franchisees of CFF under the development and franchise agreements listed in Exhibit A hereto (the "Franchise Agreements"); and CFF wishes to sell to DTI and DTI wishes to acquire from CFF all of CFF's right, title and interest in and to certain related assets;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

1. (a) Modification of Article 4. Article 4 is hereby modified to delete (i) the one-year period described in Article 4 and (ii) the payment requirements of Section 4.04 of the Conveyance Agreement.

(b) Purchase and Sale. CFF hereby sells, transfers and assigns to DTI and DTI hereby purchases and accepts from CFF all of CFF's right, title and interest in and to the furniture, equipment and other personal property described in Exhibit B hereto (the "Purchased Assets"); provided that CFF shall retain possession, control and use of the Purchased Assets for a limited period as provided in Section 4(f) hereof.

(c) Consideration. In consideration for the modification of Article 4, and the sale, transfer and assignment by CFF of the Purchased Assets to DTI, DTI is paying to CFF, in the manner described in Section 2(b), the sum of \$350,000 (the "Purchase Price").

2. Actions of the Parties at the Closing. The closing of the transactions contemplated by this Agreement (the "Closing") is taking place on the date hereof. All of the actions being taken and instruments and other documents being delivered at the Closing are being taken or delivered, as the case may be, simultaneously with the execution and delivery of this Agreement, and no action or delivery shall be effective until all actions to be taken and

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deliveries to be made at the Closing, as contemplated by this Agreement, are complete. At the Closing:

(a) CFF is executing and delivering to DTI a general bill of sale and other instruments of sale, transfer and assignment in order to convey to DTI all of CFF's right, title and interest in and to the Purchased Assets.

(b) DTI is delivering to CFF, in payment of the Purchase Price, (i) \$50,000 in immediately available funds and (ii) a secured promissory note (the "Note") in the principal amount of \$300,000, payable in six semiannual installments of \$50,000 on each March 30 and September 30 commencing March 30, 1993, and continuing through September 30, 1995, each of which installments shall be accompanied by payment of accrued interest on the unpaid principal balance at a rate of 10% per annum.

(c) CFF and DTI are executing and exchanging counterparts of (i) a management agreement (the "Management Agreement") providing for the performance by DTI on behalf of CFF of CFF's obligations under the Franchise Agreements and (ii) an assignment and security agreement (the "Security Agreement") whereby, in order to secure DTI's obligations under the Note and this Agreement, DTI is assigning to CFF and granting to CFF a security interest in certain collateral (the "Collateral"), including (A) the Purchased Assets; (B) DTI's rights under any Franchise Agreement hereinafter assumed by DTI; and (C) DTI's rights under any agreement granting any other person or entity any rights in or with respect to DTI's rights under Article 4. The Security Agreement shall also provide that in the event of a purchase pursuant to Section 4(d) hereof, the rights so purchased shall be included in the Collateral.

(d) CFF is delivering to DTI the opinion of its General Counsel as to certain of the matters set forth in Section 5.

(e) DTI is delivering to CFF the opinion of Messrs. Morgan, Lewis & Bockius as to certain of the matters set forth in Section 6.

(f) DTI is delivering to CFF the consent of General Electric Capital Corporation ("GECC") to the transactions contemplated by this Agreement and the exclusion of the Collateral from any lien of GECC.

3. Franchise Agreements. (a) As used in this Agreement, "Section 3.01 Comfort" with respect to a transaction means reasonably satisfactory evidence that such transaction would not give rise to liability of DTI under Section 3.01 of the Conveyance Agreement in connection with DTI's exercise of its rights under

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Article 4. Without limiting the generality of the foregoing, any of the following shall constitute Section 3.01 Comfort: (i) agreement or acknowledgement by those holding rights under Section 3.01 that there is no such liability; or (ii) a final judgment by a court of competent jurisdiction that there is no such liability; or (iii) an opinion of counsel reasonably satisfactory to DTI that there is no such liability. CFF shall use all reasonable efforts to obtain the agreement or acknowledgement contemplated by clause (i) of the immediately preceding sentence; provided that CFF shall not be obligated to pay any consideration or incur any obligation in order to obtain such agreement or acknowledgement.

(b) From and after the date hereof, DTI shall use all reasonable efforts to cause the franchisees under the Franchise Agreements (the "Franchisees") to become franchisees of DTI under its own restaurant system (the "DTI System") and to enter into general releases of CFF and its affiliates from all obligations under the applicable Franchise Agreements. The franchise terms to be offered by DTI to the Franchisees shall be in accordance with the standards set forth in Exhibit C hereto. The foregoing provisions of this Section 3(b) shall be conditioned on the obtaining or receipt by DTI of Section 3.01 Comfort with respect to the transaction contemplated thereby. Any Franchisee which does not elect to become a franchisee of the DTI System and does not give any required consent to the assignment of its Franchise Agreement(s) shall remain a Franchisee pursuant to the terms of its Franchise Agreement(s) and shall be covered by the Management Agreement.

(c) If Del Taco Restaurants, Inc., CFF's corporate parent, is unable to terminate any of its eight Taco Villa franchises in Texas, DTI will supply administrative services to such franchisees for compensation and on such other terms and conditions as shall be agreed to by the parties.

4. Additional Agreements. The parties further agree as follows:

(a)(i) Unless DTI shall breach or default on its obligations under this Agreement, the Note or the Security Agreement, CFF hereafter shall not sell or grant any franchise or other interest in the Del Taco Rights (as defined below) to any other person or entity, or open additional Del Taco restaurants.

(a)(ii) If at any time CFF shall have the right to declare DTI's obligations under the Note immediately due and payable, or if the entire principal balance of and accrued interest on the Note are not paid in full at the maturity of the Note, CFF shall have the right, exercisable by notice to DTI (a "Reinstatement Notice"), to terminate DTI's rights under Sections 4(c) and 8

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hereof and reinstate the provisions of Article 4 as in effect immediately prior to the execution and delivery of this Agreement. Such reinstatement is not an exclusive remedy and shall not otherwise affect DTI's obligations or CFF's rights or remedies under the Note, this Agreement, the Security Agreement or any other instrument or document delivered pursuant hereto or thereto. In the event of such reinstatement, DTI thereupon shall pay CFF an amount equal to the aggregate amounts that would have been payable under the reinstated payment provisions of Article 4, during the period from the execution hereof until the date of such reinstatement, if the reinstated payment provisions of Article 4 had been in effect throughout such period. The provisions of this paragraph are subject to the condition that if, within ten days after DTI's receipt of a Reinstatement Notice, DTI shall pay the principal balance of the Note, together with interest accrued through the date of payment and any other amount due under this Agreement, the Note or the Security Agreement, then the termination and reinstatement resulting from such Reinstatement Notice shall be deemed cancelled.

(b) The intellectual property rights licensed to DTI under the Article 4 Rights shall be administered in accordance with the quality control standards and other terms set forth in Exhibit D hereto.

(c) At any time after DTI has satisfied all of its obligations under this Agreement, the Note and the Security Agreement, DTI shall have the right, exercisable by notice to CFF, to purchase from CFF for a purchase price of \$1,000.00 all of CFF's right, title and interest in and to the Tradename and the United States federal and state trademarks, trademark registrations and trademark applications with respect to the Tradename and the operation of Mexican fast food restaurants, including those listed on Exhibit E hereto (the "CFF Trademark Rights"), together with the goodwill symbolized by the Tradename and the CFF Trademark Rights (collectively, the "Del Taco Rights").

(d) If at any time hereafter DTI shall obtain or be provided with Section 3.01 Comfort with respect to the assignment to DTI of the Franchise Agreements, then (i) the parties shall enter into an assignment and assumption agreement in the form of Exhibit F hereto with respect to the Franchise Agreements; and (ii) CFF shall have the right, exercisable by notice to DTI, to sell to DTI for a purchase price of \$1,000.00 all of CFF's right, title and interest in and to the Del Taco Rights.

(e) In the event of the exercise of the rights set forth in paragraph (c) or (d) of this Section, the purchase shall be effected by agreements and other documents reasonably satisfactory to the parties, including documents to effect the termination of

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the Conveyance Agreement and the Service Mark License Agreement. Such purchase shall be subject to the provisions of Section 7 hereof. In connection with such purchase, DTI shall grant the following nontransferable licenses: (i) to CFF and its affiliates, a nonexclusive, paid-up license to use the Del Taco Rights to continue to operate any Del Taco restaurants owned and operated by CFF or its affiliates on the date hereof until such restaurants (A) are sold pursuant to the Properties Sale Agreement or otherwise or (B) cease to be operated as Mexican fast food restaurants; (ii) to each Franchisee covered by the Management Agreement, for so long as its Franchise Agreement(s) remain in effect, a nonexclusive, paid-up license to use the Del Taco Rights for the purpose of continuing its operations under such Franchise Agreement(s); and (iii) at the option of CFF, to each Del Taco franchisee of CFF not covered by the Management Agreement, for so long as its franchise agreement(s) remain in effect, a nonexclusive, paid-up license for a term of twelve months from the date of such purchase, to use the Del Taco Rights for the purpose of continuing its operations under such franchise agreement(s).

(f) Notwithstanding the sale of the Purchased Assets to DTI as provided herein, CFF shall retain possession, control and use of certain of the Purchased Assets listed in Exhibit B hereto under the heading "Del Taco Furniture and Equipment" (the "Office Assets") on a rent-free basis for so long as CFF and its affiliates require the Office Assets in connection with operations at their office in Atlanta, Georgia; provided that in any event CFF's rights under this paragraph shall expire on March 30, 1993. CFF shall have no obligation for ordinary wear and tear of the Office Assets. In the event of material casualty to the Office Assets, CFF shall pay to DTI a maximum of \$10,000 for the Office Assets damaged or destroyed. If there is any material casualty to the Office Assets constituting less than a total loss, CFF shall pay DTI a reasonable portion of such amount depending upon the extent of damage. Any such casualty payment shall be made by deductions from the last installment of principal on the Note. When the rights granted under this paragraph are no longer required by CFF or have expired, DTI shall remove the Office Assets from CFF's offices in Atlanta, Georgia, at DTI's expense. CFF shall supply all reasonable cooperation to facilitate such removal.

5. Representations and Warranties of CFF.

The representations and warranties set forth in this Section shall not provide the basis for any claim against CFF as to matters of which DTI or any of its officers, employees, attorneys or accountants has actual knowledge or awareness on the date of this Agreement. The representations set forth in this Section as to knowledge of the CFF Executives are as to the actual present personal knowledge of such individuals at the date of this

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Agreement. As used in this Section, the term "CFF Executives" means B.A. Schulte, President of CFF; E.A. Kray, Vice President and COO of CFF; and S.E. Zelac, Assistant Vice President, Business Development Group of W.R. Grace & Co.

CFF hereby represents and warrants to DTI as follows:

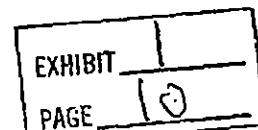
(a) CFF is a corporation duly organized, validly existing and in good standing under the laws of Delaware, with full corporate power to enter into this Agreement and to perform its obligations hereunder.

(b) The execution and delivery by CFF of this Agreement, and the performance by CFF of its obligations hereunder, have been duly and validly authorized by all necessary corporate action of CFF. The CFF Transaction Documents have been duly executed and validly delivered by CFF and are legally binding on CFF.

(c) The execution and delivery of this Agreement, the Security Agreement and the Management Agreement (the "CFF Transaction Documents") by CFF and the performance by CFF of its obligations thereunder will not (i) conflict with the Certificate of Incorporation or By-laws of CFF, (ii) require CFF to obtain any authorization, action, consent, order, approval of, or to give notice to or seek review by or make any filing, registration or qualification with, any governmental, quasi-governmental, administrative or judicial body, agency, instrumentality or authority, except for such of the foregoing as has been obtained or effected or which the failure to obtain or effect would not have a material adverse effect on CFF's execution or delivery of this Agreement or the performance by CFF of its obligations hereunder, or (iii) result in the breach of any of the provisions of, or constitute a default under, any agreement, instrument or other document to which CFF is a party or by which it is bound, which breach or default would have a material adverse effect on the transactions contemplated by this Agreement.

(d) Except as set forth on Schedule 5(d) hereto, insofar as the CFF Executives have knowledge, after consultation with Randall S. Strange, Senior Litigation Counsel of the Legal Services Division of W.R. Grace & Co., no action, suit or proceeding before any court or any governmental or regulatory authority and no investigation by any governmental or regulatory authority has been commenced or is threatened against CFF or its affiliates, officers or directors, seeking to restrain, prevent or change the transactions contemplated by this Agreement or questioning the validity of any of such transactions or seeking damages against DTI or any of its affiliates in connection with any of such transactions.

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(e) Except for rights granted to DTI and under the Franchise Agreements, CFF has made no currently effective grant of any rights in the Del Taco Rights to any person or entity.

6. Representations and Warranties of DTI.

The representations and warranties set forth in this Section shall not provide the basis for any claim against DTI as to matters of which CFF or any of its officers, employees, attorneys or accountants has actual knowledge or awareness on the date of this Agreement. The representations set forth in this Section as to knowledge of the DTI Executives are as to the actual present personal knowledge of such individuals at the date of this Agreement. As used in this Section, the term "DTI Executives" means Kevin K. Moriarty, President of DTI; and Harold Fox, Vice President and Chief Financial Officer of DTI.

DTI hereby represents and warrants to CFF as follows:

(a) DTI is a corporation duly organized, validly existing and in good standing under the laws of California, with full corporate power to enter into this Agreement and to perform its obligations hereunder.

(b) The execution and delivery of this Agreement, the Note, the Security Agreement, the Management Agreement and the instruments and documents contemplated hereby and thereby (the "DTI Transaction Documents") by DTI, and the performance by DTI of its obligations thereunder, have been duly and validly authorized by all necessary corporate action of DTI. The DTI Transaction Documents have been (or on their execution and delivery will be) duly executed and validly delivered by DTI and are (or upon their execution and delivery will be) legally binding on DTI.

(c) The execution and delivery of the DTI Transaction Documents by DTI, and the performance by DTI of its obligations thereunder, will not (i) conflict with the Articles of Incorporation or By-laws of DTI, (ii) require DTI to obtain any authorization, action, consent, order, approval of, or to give notice to or seek review by or make any filing, registration or qualification with, any governmental, quasi-governmental, administrative or judicial body, agency, instrumentality or authority, except for such of the foregoing as has been obtained or effected or which the failure to obtain or effect would not have a material adverse effect on DTI's execution or delivery of the DTI Transaction Documents or the performance by DTI of its obligations thereunder, (iii) result in the imposition of any lien, encumbrance, charge, pledge or hypothecation (each a "Lien") of or on any of the Purchased Assets, except as may be provided under the Security Agreement, or (iv) result in the breach of any of the

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provisions of, or constitute a default under, any agreement, instrument or other document to which DTI is a party or by which it is bound, which breach or default would have a material adverse affect on the transactions contemplated by this Agreement.

(d) Insofar as the DTI Executives have knowledge, after consultation with Morgan, Lewis & Bockius, counsel to DTI, no action, suit or proceeding before any court or any governmental or regulatory authority and no investigation by any governmental or regulatory authority has been commenced or is threatened against DTI or its affiliates, officers or directors, seeking to restrain, prevent or change the transaction contemplated by this Agreement or questioning the validity of any of such transactions or seeking damages against CFF or any of its affiliates in connection with any of such transactions.

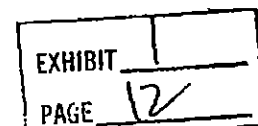
(e) DTI is not and will not be party to or bound by any agreement, instrument or other document which grants any third party a Lien in or with respect to any of the Collateral prior to the payment in full of all of DTI's obligations under the DTI Transaction Documents.

7. Disclaimers. The parties acknowledge and agree as follows:

(a) The transactions contemplated by this Agreement are primarily a license to DTI of, together with the grant to DTI of an option to purchase, the Tradename and the CFF Trademark Rights and associated goodwill. DTI is entering into the Management Agreement and agreeing (subject to the terms and conditions set forth herein) to assume the Franchise Agreements as an accommodation to CFF. DTI does not intend to utilize the CFF System, to the extent that it differs from DTI's own restaurant concepts and systems, in any material respect other than in connection with performing its obligations under the Franchise Agreements. CFF is not making, and hereby expressly excludes and disclaims, any and all representations or warranties of any kind, whether express or implied, regarding the Article 4 Right, the Franchise Agreements or the Franchisees, including (but without limiting the generality of the foregoing) any warranty of validity, title, freedom from encumbrance, freedom from claim of infringement, performance, profitability, or fitness or effectiveness for any purpose.

(b) DTI has examined the Purchased Assets to its satisfaction and is purchasing the Purchased Assets "AS IS". CFF is not making, and hereby expressly excludes and disclaims, any and all representations or warranties, whether express or implied, of any nature with respect to the Purchased Assets, including (but without limiting the generality of the foregoing) any warranty of validity, title, freedom from encumbrance, freedom from claim of

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infringement, merchantability, condition, state of repair, or fitness or effectiveness for any purpose, of or with respect to the Purchased Assets, other than the representations and warranties of CFF specifically set forth in Section 5.

(c) DTI has taken full responsibility for evaluating the legal assignability of CFF's rights in the Purchased Assets and the Franchise Agreements, and CFF shall have no liability on account of any legal questions concerning the effectiveness of any such assignment; provided, however, that nothing in this Section shall diminish CFF's obligations under Section 9(a).

(d) DTI disclaims and does not assume any liability for breaches under the Franchise Agreements occurring prior to the date hereof.

8. Indemnification; Survival. (a) CFF shall indemnify and hold harmless DTI and its direct and indirect subsidiaries from and against any and all losses, claims, damages, liabilities and expenses, including (but without limiting the generality of the foregoing) reasonable attorneys' fees and other legal expenses (collectively, "Losses") arising from or out of or with respect to the breach of any representation, warranty, covenant or agreement of CFF contained in the CFF Transaction Documents.

CFF shall indemnify and hold harmless DTI and its direct and indirect subsidiaries from and against any and all Losses arising from or out of or with respect to litigation commenced in any federal or state court in which DTI is a defendant, claiming liability for amounts allegedly payable under Section 3.01 of the Conveyance Agreement.

(b) DTI shall indemnify and hold harmless CFF and its direct and indirect parents and subsidiaries from and against any and all Losses arising from or out of or with respect to the breach of any representation, warranty, covenant or agreement of DTI contained in the DTI Transaction Documents.

(c) A party seeking indemnification under this Section (the "Indemnatee") will give prompt notice (a "Claim Notice") to the indemnifying party (the "Indemnitor") of any loss for which the Indemnitor is seeking such indemnification. The Claim Notice will describe such loss in reasonable detail. With respect to any claim in a Claim Notice relating to a third party claim, the Indemnitor at its expense may defend such third party claim, and the Indemnatee at its own expense shall have the right to participate in such defense. So long as the Indemnitor is defending in good faith such third party claim, the Indemnatee shall not settle or compromise such third party claim. The Indemnitee shall cooperate fully with the Indemnitor in the defense of such third party claim.

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If the Indemnitor does not elect to defend such third party claim, the Indemnitee may at its election defend such third party claim at the Indemnitor's expense if the Indemnitor does not provide the Indemnitee with reasonable assurances that the Indemnitor will either satisfy or defend such third party claim.

(d) The representations and warranties contained in this Agreement shall survive the closing of the transactions contemplated hereby and the delivery of this Agreement and any other instruments or documents delivered pursuant hereto or in connection herewith, for a period of one year from the date hereof, and no claim for indemnification under this Section with respect to such representations and warranties shall be effective unless a Claim Notice with respect thereto shall have been given in accordance with the provisions of this Agreement within one year from the date hereof.

9. Miscellaneous.

(a) Further Actions. From time to time each party, as and when requested by the other party, shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as the requesting party may reasonably deem necessary or desirable to carry out the intent and purposes of this Agreement and to consummate the transactions contemplated hereby.

(b) Expenses. Each party shall pay its own expenses in connection with the negotiation, execution, delivery and performance of this Agreement.

(c) Entire Agreement. This Agreement (which includes the Schedules and Exhibits hereto) and the other documents, agreements and instruments executed and delivered pursuant to or in connection with this Agreement, contain the entire agreement between the parties with respect to the transactions contemplated by this Agreement and supersede all prior arrangements or understandings with respect thereto.

(d) Descriptive Headings. The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(e) Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or by facsimile transmission, or sent and delivered by registered or certified mail, postage prepaid, addressed as follows:

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If to CFF:

Creative Food 'N Fun Company
c/o W.R. Grace & Co. - Conn.
One Town Center Road
Boca Raton, FL 33486-1010
Attention: Secretary
Facsimile number: 407-362-1635
Confirmation number: 407-362-1645

If to DTI:

Del Taco, Inc.
345 Baker Street
Costa Mesa, CA 92626
Attention: President
Facsimile number: (714) 641-3612
Confirmation number: (714) 641-3601

with a copy to:

General Electric Capital Corporation
292 Long Ridge Road
Stamford, CT 06927-5150
Attention: William Cary
Facsimile number: (203) 357-4025
Confirmation number: (203) 357-3100

Either party hereto may by notice change the address to which notice or other communications to it are to be delivered or mailed.

(f) Governing Law; Consent to Jurisdiction; Waiver of Jury Trial.

(i) THIS AGREEMENT AND THE OTHER DTI TRANSACTION DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT FOR ANY PRINCIPLES OF CONFLICT OF LAWS THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN NEW YORK.

(ii) Any action, suit or other proceeding initiated by either party against the other under or in connection with this Agreement or any of the other DTI Transaction Documents may be brought in any federal or state court in New York County, State of New York, as the party bringing such action, suit or proceeding shall elect. Each party hereby submits itself and consents to the non-exclusive personal jurisdiction of any such court, waives any defense it may have based on lack of personal jurisdiction and agrees that service of process on it in any such action, suit or

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proceeding may be effected by the means by which notices are to be given to it under this Agreement.

(iii) BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER DTI TRANSACTION DOCUMENTS, ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, OR VERBAL OR WRITTEN STATEMENT, OF ANY OF THE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR CFF TO ENTER INTO THIS AGREEMENT.

(g) Assignability. This Agreement shall not be assignable otherwise than by operation of law by either party without the prior written consent of the other party, and any purported assignment by any party without the prior written consent of the other party shall be void.

(h) Remedies. The parties hereto acknowledge that the remedy at law for any breach of the obligations undertaken by the parties hereto is and will be insufficient and inadequate and that the parties hereto shall be entitled to equitable relief, in addition to remedies at law.

(i) Waivers and Amendments. Any waiver of any term or condition, or any amendment or supplementation, of this Agreement shall be effective only if in writing. A waiver of any breach of any of the terms or conditions of this Agreement shall not in any way be construed as a waiver of any subsequent breach.

(j) Third Party Rights. Except as otherwise provided in Section 8, this Agreement shall be effective only as between the parties hereto, their successors and permitted assigns.

(k) Affiliates. Reference in this Agreement to an "affiliate" of a specified person or entity means any other person or entity directly or indirectly controlling, controlled by or under common control with such specified person or entity.

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(1) Continued Effectiveness of Conveyance Agreement.
Except as modified hereby, the Conveyance Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CREATIVE FOOD 'N FUN COMPANY

By: Bernd A. Schulte
Bernd A. Schulte
President

DEL TACO, INC.

By: Kevin K. Moriarty
Kevin K. Moriarty
President

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GUARANTY

W.R. GRACE & CO.-CONN., a Connecticut corporation ("Parent"), is the indirect owner of all the issued and outstanding capital stock of Creative Food 'N Fun Company, a Delaware corporation ("CFF"). In order to induce Del Taco, Inc., a California corporation ("DTI"), to sign the foregoing Modification and Purchase Agreement (the "Modification Agreement") and intending DTI to rely thereon, Parent hereby guarantees the full, complete and punctual performance by CFF of each and every one of its obligations set forth in the Modification Agreement to all intents and purposes as though such obligations were those of Parent and not of CFF. Parent acknowledges and agrees that in the event of a default by CFF of the Modification Agreement, DTI shall have the right to proceed immediately against Parent and shall not be obligated to first exhaust any rights or remedies it may otherwise have against CFF. No waiver, amendment or revision with respect to the Modification Agreement shall abrogate, limit, release or have any effect upon the guaranty of Parent set forth herein.

This Guaranty shall be governed by, construed and enforced in accordance with the internal laws of the State of California.

Dated: June 7, 1992

W.R. GRACE & CO.-CONN.
a Connecticut corporation

By: [Signature]
J. P. Bolduc
President

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EXHIBIT A TO MODIFICATION AND PURCHASE AGREEMENT
CFF DEVELOPMENT AND FRANCHISE AGREEMENTS

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**Del Taco Restaurants, Inc.
Franchise Document Information**

Franchisee/Principal Contact(s)

Abblitt Corporation
Lawrence L./Baty Ann Abblitt

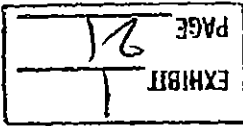
<u>Document</u>	<u>Date</u>
Development Agreement	05/23/85
Franchise Agreement - #6039 919 Joe Frank Harris Pkwy. Cartersville, GA 30120	04/14/88
Amendment #2	11/01/89
Amendment #3	10/01/91
Letter Agreement	10/01/88
Letter Agreement	01/01/91
Franchise Agreement - #6057 1285 Highway 278 Dallas, GA 30132	05/06/87
Amendment #2	11/01/89
Amendment #3	10/01/91
Letter Agreement	10/01/88
Letter Agreement	01/01/91
Franchise Agreement - #6066 1507 Turner-McCall Blvd. Rome, GA 30316	01/01/88
Amendment #2	11/01/89
Amendment #3	10/01/91
Letter Agreement	10/01/88
Letter Agreement	01/01/91

EXHIBIT
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Franchisor/Principal Contact(s)

Accomplishments Through
People, Inc.
Frederick J. Axelbard

<u>Doc. #</u>	<u>Date</u>
Development Agreement - #6025	11/09/85
Franchise Agreement - #6025 Peachtree Mall - Space 4 Columbus, GA 31909	11/09/85
Amendment #3 Letter Agreement Letter Agreement	10/01/81 04/01/89 10/01/88
Development Agreement - #6030	02/07/86
Franchise Agreement - #6030 1460 Opelika Road Auburn, AL 36830	02/07/86
Amendment #3 Letter Agreement	10/01/91 10/01/88
Development Agreement - #6031	04/30/86
Franchise Agreement - #6031 733 E. Forsythe Street Americus, GA 31709	04/30/86
Amendment #3 Letter Agreement	10/01/91 10/01/88
Development Agreement - #6032	04/30/86
Franchise Agreement - #6032 1029 - 280 Bypass Phenix City, AL 36867	04/30/86
Amendment #3 Letter Agreement	10/01/91 10/01/88



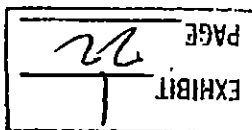
Franchisee/Principal Contact(s)

Accomplishments Through
People, Inc.
(cont.)

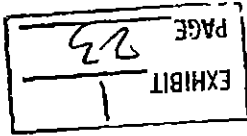
<u>Doc. ent</u>	<u>Date</u>
Development Agreement - #8041	02/07/86
Franchise Agreement - #8041 8490 Hamilton Road Columbus, Georgia 31909	02/07/86
Amendment #3 Letter Agreement Letter Agreement	10/01/91 04/01/89 10/01/88
Development Agreement - #6069	02/07/86
Franchise Agreement - #6069 3527 Macon Road Columbus, GA 31909	03/08/88
Amendment #3 Letter Agreement	10/01/91 10/01/88
Development Agreement	Original not in file.
Franchise Agreement - #8068 1312 Cumberland Mall Atlanta, GA 30345	05/28/87
Amendment #1 Amendment #3 Letter Agreement Letter Agreement to Transfer to Aliza Corporation from Taco Associates Limited Partnership. Letter Agreement to Transfer to Taco Associates Limited Partnership from TLIC, Inc.	05/28/87 10/01/91 10/01/88 10/01/90 04/28/89

Aliza Corporation, Inc.
Halder Sultan

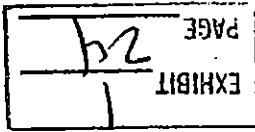
Aliza Corporation, Inc.
is Document Information



<u>Franchisee/Principal Contact(s)</u>	<u>Document</u>	<u>Date</u>
Buh, Inc. William R./Jackie Horman	Development Agreement	11/23/87
	Amendment #1	04/08/88
	Franchise Agreement - #6074 388 West 2230 North Provo, UT 84603	04/08/88
	Amendment #3 Letter Agreement Letter Agreement	10/01/91 01/01/91 10/01/88
Del South Restaurants, Inc. Clinton M. Day	Development Agreement	09/30/86
	Franchise Agreement - #6076	Original not on file.
	Amendment Amendment #3 Amendment #4 Letter Agreement	12/16/88 11/01/89 10/01/91 01/01/91
	Development Agreement	07/16/86
F.W.P., Inc. Frederick W. Pierson	Franchise Agreement - #6034 208 W. 23rd Street Panama City, FL 32405	01/16/86
	Amendment #3 Letter Agreement Letter Agreement Letter Agreement	10/01/91 07/01/89 01/01/89 10/01/88



Del Taco Restaurants, Inc.
Franchise Document Information



<u>Date</u>	<u>File</u>	<u>Unit</u>
11/17/86	Development Agreement	
11/20/88	Franchise Agreement - #8040 2209 Demere Road St. Simons Island, GA 31522	
11/01/89	Amendment #3	
10/01/91	Amendment #4	
01/01/91	Letter Agreement	
10/01/88	Letter Agreement	
08/08/87	Franchise Agreement - #6060 100 Mail Blvd, Unit D-15 Brunswick, GA 31520	
11/01/89	Amendment #3	
10/01/91	Amendment #4	
01/01/91	Letter Agreement	
10/01/88	Letter Agreement	
12/01/89	Franchise Agreement - #6083 4400 Altama Avenue Brunswick, GA 31520	
10/01/91	Amendment #3	
01/01/91	Letter Agreement	
07/20/84	Master Development Agreement	
10/10/85	Franchise Agreement - #7003 677 Lexington Avenue New York, NY 10001	
10/01/91	Amendment #3	
Original not on file.	Franchise Agreement - #7005 401 7th Avenue New York, NY 10001	

Mel-Dex Associates
Murray Rleso

Del Taco Restaurants, Inc.
Franchise Document Information

Franchisor/Principal Contact(s)

Patel Enterprises, Inc.
Charillo Patel

<u>Doc</u>	<u>Date</u>
Development Agreement	08/30/86
Amendment #2	11/01/89
Franchise Agreement - #6035 2100 Pleasant Hill Road, R-5 Duluth, GA 30136	08/30/86
Amendment #3	11/01/89
Amendment #4	10/01/91
Letter Agreement Letter Agreement to Transfer to Patel Enterprises, Inc. from Moradi Brothers II, Inc.	10/01/88
Letter Agreement to Transfer to Moradi Brothers II, Inc. from Del South Restaurants, Inc.	04/24/92
	04/25/90

Nobell Food Company, Inc.
Mark W. Blanchard
Maurice A. Roberts

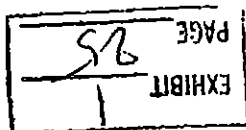
Development Agreement	09/25/89
Franchise Agreement - #6085 Route 12A/189 K-Mart Plaza West Lebanon, NH 03784	11/02/90

Phoenix Concepts Corporation
James M. Lappe

Amendment #3 Letter Agreement	10/01/91
	01/01/91
Development Agreement	05/09/85
Amendment #1	11/01/89 * (05/29/86)
Amendment #2	11/30/87
Amendment #3 Letter Agreement	11/01/89 * (05/05/85)
	11/30/87

*Amendment reflects different
Development Agreement date.

Del Taco Restaurants, Inc.
Franchise Document Information



Franchisee/Principal Contact(s)Phoenix Concepts Corporation
(cont.)DocumentDateFranchise Agreement - #6022
1055 Patton Avenue
Asheville, NC 28808

08/28/86

Amendment #2

11/01/89

Amendment #3

10/01/91

Letter Agreement

10/01/88

Letter Agreement - Consent to Assignment of
Development Agreement by Franchisor.

10/30/88

Letter Agreement - Proposed Transfer by Augusta
Road DT, Inc., D.T. Hickory, Inc. and D.T. Patton, Inc.

11/20/87

Franchise Agreement - #6023
1845 Highway 65-70 S.E.
Hickory, NC 28602

06/04/85

Amendment #2

11/01/89

Amendment #3

10/01/91

Letter Agreement

10/01/88

Letter Agreement - Consent to Assignment of
Development Agreement by Franchisor

10/30/88

Letter Agreement - Proposed Transfer by Augusta
Road D.T., Inc., D.T. Hickory, Inc. and D.T. Patton, Inc.

11/20/87

Franchise Agreement - #6059
700 Haywood Road
Greenville, SC 29648

09/21/87

Amendment #3

11/01/89

Amendment #3

10/01/91

Letter Agreement

04/01/89

Letter Agreement

10/01/88

Franchise Agreement - #6065
217 Highway 272 Bypass
Greenwood, SC 29648

11/30/87

Amendment #2

11/01/89

Amendment #3

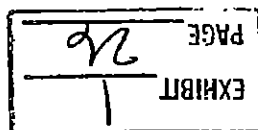
10/01/91

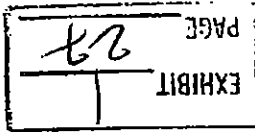
Letter Agreement

10/01/88

Del Taco Restaurants, Inc.

File Document Information





<u>Franchisor/Principal Contact(s)</u>	<u>Document</u>	<u>Date</u>
Southern Foods, Inc. D. Frank Owens	Development Agreement	08/20/88
	Amendment #1	11/01/89
	Franchise Agreement - #6084 5117 Ashley Phosphate Road N. Charleston, SC 29418	07/25/80
	Amendment Amendment #3	11/18/88 10/01/91

Dol Taco Restaurants, Inc.
...

**EXHIBIT B TO MODIFICATION AND PURCHASE AGREEMENT
PERSONAL PROPERTY**

1. Del Taco concession trailer, VIN 1WC200G24M3020706
2. Spare parts and equipment in warehouse at Providence Court, College Park, Georgia
3. Furniture and equipment in Atlanta office, as described on attached list

By its acceptance hereof, DTI agrees that CFF shall have no liability for immaterial discrepancies between the assets described in paragraphs 2 and 3 above and the assets obtained by DTI

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DEL TACO FURNITURE AND EQUIPMENT.

DTI

17-JAN-92

DESCRIPTION	TOTAL
BINDING MACHINE	1
BOOKCASE-METAL/OTHER	10
BOOKCASE-WOOD	23
CABINETS-STANDING 2DR	10
CART 3-TIER	2
CHAIR-BREAKROOM	9
CHAIR-CONFERENCE	20
CHAIR-OTHER	19
CHAIR-SECT.-EXEC.	71
CHECK BULSTER	1
COMPUTERS	21
COUCH	3
CREDENZA-EXECUTIVE	15
CREDENZA-OTHER	13
DESK-EXECUTIVE	12
DESK-OTHER	2
DESK-SECRETARIAL	25
EASEL	2
FILE CABINET 2-DR	31
FILE CABINET 4-DR	23
FILE CABINET 5-DR	50
FILE CABINET-PORTABLE	4
FILE FIRE SAFE	1
FLOOR SCALE	1
HAND TRUCK	1
LAMP	3
MAIL BIN (25)	1
ODM	3
SWITCH	19
OVERHEAD PROJECTOR	2
PAPER SHREDDER	1
PODIUM STAND	1
PRINTER IBM	2
PRINTER-DOT MATRIX	10
PRINTER-LASER	3
PROJECTOR SCREEN	1
RECORDER-SONEY	1
REFRIGERATOR	3
SAFE DIERBOLD 4'X 7'	1
SLIDE PROJECTOR	1
TABLE-OTHER	34
TABLE-ROUND	6
TABLE-SQUARE	14
TERMINAL-IBM	12
TV	2
TYPEWRITER-IBM	5
TYPEWRITER-OLIVETTI	1
VCR	2
VISUAL AID BOARD	2
WIRE STORAGE RACKS	14
TOTAL	564

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EXHIBIT C TO MODIFICATION AND PURCHASE AGREEMENT
STANDARDS FOR DTI FRANCHISE TERMS

1. The former CFF franchisees shall not incur any charge for entering into a franchise agreement with DTI.

2. DTI will provide financial support to the former CFF franchisees, in the form of royalty rebates of up to \$12,500 per unit, in order to assist such franchisees in the physical conversion to the DTI concept.

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EXHIBIT	<u>1</u>
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EXHIBIT D TO MODIFICATION AND PURCHASE AGREEMENT
INTELLECTUAL PROPERTY ADMINISTRATION

References in this Exhibit to "this Agreement" refer to the Modification and Purchase Agreement to which this Exhibit is attached and of which this Exhibit, together with the other Exhibits and Schedules attached thereto, is an integral part. Capitalized terms used but not defined in this Exhibit are used with the definitions given them in this Agreement.

PARAGRAPH I. Quality Control.

DTI covenants and agrees as follows:

(A) DTI will maintain the essential nature of the units operated under the rights licensed to it under Article 4 (the "Article 4 Rights") as fast food outlets serving Mexican-style food, along with American-style foods, and beverages.

(B) DTI will conduct all operations, and maintain all products served, in connection with the Article 4 Rights, at standards which, at the minimum, meet all the quality maintenance standards incorporated in the "OPERATIONS MANUAL" referred to in Section 3.2 of the Service Mark License Agreement. DTI covenants to maintain its operations and the products it serves at level of quality equal or superior to those of its units currently in existence; to maintain the standards and diligence of inspection of its units currently in existence; to maintain all operations and products in compliance with applicable federal, state and local law; and otherwise to conduct its operations and sell its products in a manner consistent with the maintenance of the presently existing goodwill symbolized by the Article 4 Rights.

(C) DTI will make no use of the Article 4 Rights without the prior written consent of CFF, except in substantial conformance with the uses made of the Tradename on the date of this Agreement.

(D) DTI will not develop or acquire any rights of any kind in the Article 4 Rights other than the rights it acquires under the provisions of this Agreement and the Service Mark License Agreement.

(E) DTI will cooperate with CFF in CFF's quality control activities. Upon reasonable notice, DTI will provide CFF with an opportunity to inspect, at reasonable times and frequencies, all premises, personnel, products and records related to operations under the Article 4 Rights, and to provide CFF at DTI's expense with such information and sample materials as CFF may request in connection with its maintenance of quality under this Paragraph I.

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2

(F) The quality control provisions of this Paragraph I shall not be interpreted to prevent DTI from making changes in its business that do not result in a breach of the quality control standards provided herein, or to confer upon CFF any power to direct DTI in the operation of its business or require any changes in DTI's operations or products, other than to maintain the quality standards provided herein.

PARAGRAPH II. Administration.

(A) DTI shall notify CFF of all applications and other actions that it proposes to file or take with respect to any trademark or service mark (each a "Mark"). CFF shall have the sole right to file such application or take such other action with respect to any Mark which is related or similar to any of the intellectual property licensed to DTI under Article 4, and the decision to undertake such application or other action shall be made in CFF's sole discretion. Any Marks registered by CFF under this subparagraph (A) ("Additional Marks") shall be deemed covered by the Article 4 Rights, and such Additional Marks together with the good will symbolized thereby shall be deemed part of the Del Taco Rights for purposes of Section 4 of this Agreement.

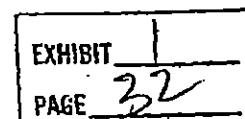
(B) In its own discretion or at DTI's request, CFF will renew or undertake additional state registrations in the Domestic Territory for the Marks licensed to DTI under Article 4 and any Additional Marks.

(C) DTI shall prepare the applications to be filed at its request under this Paragraph II and deliver them to CFF for review and filing after any modification.

(D) At CFF's discretion, the parties may appoint a joint agent to undertake all or part of the administration of the Article 4 Marks and the Additional Marks. Such agent shall keep the parties informed of all material events or developments related to such administration. Any such agent may be removed or replaced at the request of CFF after consultation with DTI.

(E) If any claims are made or legal action is threatened or commenced by a third party against CFF or DTI on the ground that any product or service of DTI sold or performed under the Article 4 Rights infringes any intellectual property right of such third party, the party so claimed against, threatened or sued shall inform the other party, and the parties shall confer respecting the appropriate course of action. Defense of such legal action shall be undertaken at the request of either party. The costs of any such defense, and the costs of any settlement or any award by a court or arbitrator, shall be paid by DTI. To the extent practicable, such defense and any settlement negotiations shall be

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conducted by CFF. CFF shall consult with DTI regarding the conduct of the defense and any settlement negotiations, and DTI shall render such assistance in such defense or settlement negotiations as shall reasonably be requested by CFF. No settlement shall be effected without the consent of DTI, which consent shall not be unreasonably withheld.

(F) Each party shall promptly notify the other if it becomes aware of any infringement or alleged infringement of the intellectual property licensed under Article 4, whereupon the parties shall consult together regarding an appropriate course of action. Neither party shall be required to undertake or participate in any claim or legal action with respect to any such infringement or alleged infringement. If either party does pursue such claim or action, it shall not settle such claim or action without the consent of the other party.

(G) In its performance of administrative actions with respect to the Article 4 Rights and the Related Rights, CFF shall have no liability to DTI except with respect to CFF's willful misconduct.

(H) DTI shall pay or reimburse against appropriate documentation all CFF's reasonable out-of-pocket expenses arising from or out of CFF's registration, renewal, protection and administration of the intellectual property licensed under Article 4 and the performance of CFF's obligations under this Paragraph II.

PARAGRAPH III. Assignment.

During the term of the provisions of this Exhibit, DTI may not sell, assign, transfer, license, sublicense, lease or franchise any of the Article 4 Rights to any person or other entity.

PARAGRAPH IV. Termination.

The provisions of this Exhibit shall expire upon the first to occur of the following: (i) sale of the Del Taco Rights to DTI pursuant to Section 4 of this Agreement, (ii) expiration of the last to expire of the registrations of Marks licensed under Article 4, or (iii) termination of DTI's rights under Article 4.

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EXHIBIT E TO MODIFICATION AND PURCHASE AGREEMENT
TRADEMARKS AND TRADEMARK APPLICATIONS

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EXHIBIT	
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U. S. MARKSREGISTRATIONS

<u>Mark</u>	<u>Reg. No.</u>
BIGGER BITE MENU	1,644,012
COMBO CUP	1,231,240
DEL MEAT BURRITO	1,232,360
DEL TACO	1,231,138
DEL TACO	1,231,168
DEL TACO	1,221,321
DEL TACO & DESIGN	1,035,949
DEL TACO EXPRESS	1,458,796
DEL TACO MEXICAN CAFE	1,392,800
DOUBLE DEL	1,219,339
HOT IDEA	1,546,671
HOT IDEA & DESIGN	1,552,209

APPLICATIONS

<u>Mark</u>	<u>Ser. No.</u>
DEL TACO & DESIGN	74/093227
DEL TACO & DESIGN	74/227652
DEL TACO & DESIGN	74/226466
DEL TACO & DESIGN	74/93227
MEXI-MUNCHIES	74/045558

STATE REGISTRATIONS

<u>Mark</u>	<u>State</u>	<u>Reg. No.</u>
DEL TACO	Alabama	100339
DEL TACO	Florida	924607
DEL TACO	Georgia	S-4020
DEL TACO	Maryland	87-S2079
DEL TACO	Nevada	- - -
DEL TACO	North Carolina	- - -
DEL TACO	Oklahoma	19789
DEL TACO	South Carolina	- - -
DEL TACO	Tennessee	Record Book No. 87 Page 83
DEL TACO	Texas	36373
DEL TACO	Utah	28861
DEL TACO & DESIGN	Arkansas	156-80
DEL TACO & DESIGN	Florida	922905
DEL TACO & DESIGN	Georgia	S-1128
DEL TACO & DESIGN	South Carolina	566
DEL TACO & DESIGN	Texas	36374
DEL TACO MEXICAN CAFE	Alabama	102182
DEL TACO MEXICAN CAFE	Arkansas	230-85
DEL TACO MEXICAN CAFE	Florida	T01500
DEL TACO MEXICAN CAFE	Georgia	S-5198
DEL TACO MEXICAN CAFE	New York	S-8435
DEL TACO MEXICAN CAFE	North Carolina	- - -
DEL TACO MEXICAN CAFE	South Carolina	1930

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<u>Mark</u>	<u>State</u>	<u>Reg. No.</u>
DEL TACO MEXICAN CAFE	Tennessee	- - -
DEL TACO MEXICAN CAFE	Texas	43806
SUNBURST DESIGN	Georgia	S-4019
SUNBURST DESIGN	Texas	36403

EXHIBIT F TO MODIFICATION AND PURCHASE AGREEMENT
ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of _____,
between CREATIVE FOOD 'N FUN COMPANY, a Delaware corporation
("Transferor"), and DEL TACO, INC., a California corporation
("Transferee").

WITNESSETH:

WHEREAS, this Agreement is being delivered pursuant to
Section 4(d) of the Modification and Purchase Agreement dated June
____, 1992, between Transferor and Transferor;

WHEREAS, Transferor is the franchisor under the franchise
agreements listed on Schedule 1 attached hereto (the "Franchise
Agreements");

NOW, THEREFORE, for good and valuable consideration, the
receipt and sufficiency of which are hereby acknowledged, the
parties agree as follows:

1. (a) Transferor hereby sells, assigns and sets over
unto Transferee, all of Transferor's right, title and interest in
and to the Franchise Agreements with respect to the period prior to
the date hereof.

(b) Transferee hereby assumes, and agrees to perform and
otherwise satisfy, all of the obligations, covenants and agreement
of Transferor under the Franchise Agreements with respect to the
period from and after the date hereof.

2. Upon the request of either party, the other party
shall execute and deliver, or cause to be executed and delivered,
all such deeds, assignments, consents and other documents, and take
or cause to be taken, all such other actions as the requesting
party reasonably deems necessary or desirable in order to complete,
confirm, perfect or evidence the transactions contemplated by this
Agreement.

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IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement on the date first written above.

CREATIVE FOOD 'N FUN COMPANY

By: _____
Name:
Title:

DEL TACO, INC.

By: _____
Name:
Title:

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EXHIBIT	1
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SCHEDULE 5(d)

1. Taco Tico Acquisition Corp., et al. v. W.R. Grace & Co-Conn., et al., Superior Court, Fulton County, State of Georgia, Civil Action File No. D-96548.

2. The Ablitt Corporation v. Del Taco Restaurants, Inc., et al., State Court, Fulton County, State of Georgia, Civil Action File No. 91 VS 43114D.

3. Threats of litigation have been made by a franchisee of six Del Taco Restaurants in Georgia and Alabama, and other Del Taco franchisees may also threaten or bring litigation.

EXHIBIT	1
PAGE	40

2

Richard B. Specter, Bar No. 114090
CORBETT & STEELMAN
A Professional Law Corporation
18200 Von Karman Avenue, Suite 200
Irvine, California 92715-1086
(714) 553-9266

Attorneys for Plaintiffs WILLIAM C. BAKER,
EBER E. JAQUES, BRADFORD H. MILLER,
MONTGOMERY R. FISHER, SHARON R. ORMSBEE,
MARILYN REA and THE FISHER TRUST

FILED
ORANGE COUNTY SUPERIOR COURT

JAN 19 1996

ALAN SLATER, Executive Officer/Clerk
By A. KNOX DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

758512

WILLIAM C. BAKER, EBER E. JAQUES,)
BRADFORD H. MILLER, MONTGOMERY)
R. FISHER, SHARON R. ORMSBEE,)
MARILYN REA, and THE FISHER)
TRUST)

Plaintiffs,

v.

W. R. GRACE & CO., a Connecticut
corporation; CREATIVE FOOD 'N FUN)
COMPANY, a Delaware corporation;)
DEL TACO, INC., a California)
corporation; and DOES 1 through 50,)
inclusive,)

Defendants.

CASE NO.

COMPLAINT FOR BREACH OF
CONTRACT, BREACH OF THE
COVENANT OF GOOD FAITH AND
FAIR DEALING, INTENTIONAL
INTERFERENCE WITH
CONTRACTUAL RELATIONSHIP,
ACCOUNTING AND
DECLARATORY RELIEF

JUDGE THOMAS N. THRASHER, SR.
DEPT. 13

Plaintiffs William C. Baker, Eber E. Jaques, Bradford H. Miller,
Montgomery R. Fisher, Sharon R. Ormsbee, Marilyn Rea, and The Fisher Trust
("Plaintiffs") allege as follows:

///

///

THIS CASE HAS BEEN ASSIGNED TO CIVIL CASE MANAGEMENT ALL PARTIES MUST
COMPLY WITH THE RULES SET FORTH IN ORANGE COUNTY RULES OF COURT.
FACT PLEADING MUST INCLUDE THE ASSIGNED JUDGE DESIGNATION
AS SHOWN ON THE CASE NUMBER OF THIS DOCUMENT, PURSUANT TO OR.
COUNTY RULES.

2478 - 001/18Jan96

THIS CASE HAS BEEN ASSIGNED TO CIVIL CASE MANAGEMENT ALL PARTIES MUST
COMPLY WITH THE RULES SET FORTH IN ORANGE COUNTY RULES OF COURT.
FACT PLEADING MUST INCLUDE THE ASSIGNED JUDGE DESIGNATION
AS SHOWN ON THE CASE NUMBER OF THIS DOCUMENT, PURSUANT TO OR.
COUNTY RULES.

EXHIBIT 2
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ALLEGATIONS COMMON TO ALL CAUSES OF ACTION

1. Plaintiffs William C. Baker, Eber E. Jaques, Bradford H. Miller, and Sharon R. Ormsbee are individuals who reside in the County of Orange, State of California.

2. Plaintiffs Montgomery R. Fisher and Marilyn Lee Rea are individuals who reside in the County of Los Angeles, State of California.

3. Plaintiff The Fisher Trust is a trust duly formed under the laws of the State of California.

4. Plaintiffs are informed and believe, and thereupon allege, that Defendant W. R. Grace & Co. is a corporation organized and existing under and by virtue of the laws of the State of Connecticut, with its principal place of business in the State of Florida. At all times mentioned herein, Defendant W. R. Grace & Co. has done and is doing business in the State of California.

5. Plaintiffs are informed and believe, and thereupon allege, that Defendant Creative Food 'N Fun Company is a corporation organized and existing under and by virtue of the laws of the State of Delaware, with its principal place of business in the State of Georgia. At all times mentioned herein, Defendant Creative Food 'N Fun Company has done business in the State of California.

6. Plaintiffs are informed and believe, and thereupon allege, that Defendant Del Taco, Inc., is a corporation organized and existing under and by virtue of the laws of the State of California, with its principal place of business in the County of Orange, State of California.

7. The true names and capacities, whether individual, corporate, associate or otherwise, of Defendants designated herein as DOES 1 through 50, inclusive, are presently unknown to Plaintiffs, who therefore sue said Defendants by such fictitious names pursuant to California Code of Civil Procedure Section 474. Plaintiffs are informed and believe, and thereupon such information and belief

1 allege, that each of the Defendants is now, and has been at all times herein
2 mentioned, the agent, servant, employee, partner, associate, joint venturer,
3 co-participant, co-conspirator, and/or principal of and with each of the remaining
4 Defendants, and that each Defendant has been, at all times herein mentioned,
5 acting within the scope of such relationship and with the knowledge, consent,
6 authority, ratification and/or permission of each of the remaining Defendants.
7 Whenever appearing in this Complaint, each and every reference to a DOE
8 Defendant, or any of them, is intended to, and shall be deemed to, include all
9 fictitiously named Defendants.

10 8. On or about September 16, 1977, Defendant Del Taco, Inc., and DTG,
11 Inc., entered into a written Conveyance Agreement, which is referred to hereinafter
12 as the "Conveyance Agreement." A true and correct copy of the Conveyance
13 Agreement is attached hereto as Exhibit 1 and is incorporated herein by this
14 reference as though set forth in full hereat.

15 9. On or about March 30, 1981, Defendant Del Taco, Inc., Del Taco
16 Corporation, as successor to DTG, Inc., all Plaintiffs with the exception of The
17 Fisher Trust, and Kendall C. Simpson entered into a written "Amendment No. 1 to
18 Conveyance Agreement", which is hereinafter referred to as the "Amendment". A
19 true and correct copy of the Amendment is attached hereto as Exhibit 2 and is
20 incorporated herein by this reference as though set forth in full hereat.

21 10. Plaintiffs are informed and believe, and thereupon allege, that
22 Defendant Del Taco, Inc., is the successor-in-interest to Del Taco, Inc., as that
23 entity is identified under the Conveyance Agreement and the Amendment and the
24 Assignment, and shares the same liabilities and obligations.

25 11. Plaintiffs allege on information and belief that Defendant Creative Food
26 'N Fun Company is the successor in interest to Del Taco Corporation, and shares
27 the same liabilities and obligations.
28

12. Plaintiffs are informed and believe and thereupon allege that at all times, Defendant W. R. Grace & Co. has and does control, manage and supervise Defendant Creative Food 'N Fun Company, and is responsible for said Defendant's operations, obligations and liabilities.

13. On or about July 7, 1992, Defendants Del Taco, Inc., and Creative Food 'N Fun Company entered into a "Modification and Purchase Agreement." A true and correct copy of the Modification and Purchase Agreement is attached hereto as Exhibit 3 and is incorporated herein by this reference as though set forth in full hereat.

14. The Conveyance Agreement, Amendment and Modification and Purchase Agreement were made and to be performed in the County of Orange, State of California.

FIRST CAUSE OF ACTION

(For Breach of Contract - Conveyance Agreement)

(Against All Defendants except Del Taco, Inc. and DOES 31-50)

15. Plaintiffs incorporate herein by reference the allegations contained in paragraphs 1 through 14, above, as if the same were fully set forth hereat.

16. Effective April 27, 1979, Defendant Del Taco, Inc., transferred to Kendall C. Simpson and Plaintiffs William C. Baker, Eber Jaques, Montgomery Ross Fisher, and Bradford H. Miller, pro rata, all of Del Taco, Inc.'s rights to monies payable pursuant to Sections 3.01, 3.04 and 3.05 of the Conveyance Agreement, and all of Defendant Del Taco, Inc.'s rights pursuant to Article 4 of the Conveyance Agreement, and notice of which was duly given to Del Taco Corporation, as successor to DTG, Inc.

17. Plaintiff Eber E. Jaques subsequently transferred half of his interest to Plaintiff Marilyn Rea.

1 18. Plaintiff Bradford H. Miller subsequently transferred half of his interest
2 to Plaintiff Sharon Ormsbee.

3 19. Plaintiff Montgomery Ross Fisher subsequently transferred a portion of
4 his interest to The Fisher Trust.

5 20. By that Guarantee dated September 16, 1977, a true and correct copy
6 of which is attached hereto as Exhibit 4 and incorporated herein by this reference
7 as though fully set forth hereat, Defendant W. R. Grace & Co. is responsible for all
8 of the obligations of Defendant Creative Food 'N Fun Company, as the successor
9 to DTG, Inc.

10 21. Pursuant to paragraph 3.01 of the Conveyance Agreement,
11 Defendants W. R. Grace & Co., Creative Food 'N Fun Company and DOES 1-30
12 (hereinafter the "GRACE Defendants"), are obligated to pay to Plaintiffs a
13 percentage of the gross receipts of restaurants operated outside of the State of
14 California, and Yuma, Arizona, using the Del Taco name or system.

15 22. Plaintiffs are informed and believe, and thereupon allege, that within
16 the last four (4) years, the GRACE Defendants have failed to pay the foregoing
17 monies to Plaintiffs, for which they are obligated pursuant to the Conveyance
18 Agreement.

19 23. As a result of the GRACE Defendants' breach of the Conveyance
20 Agreement, as aforesaid, Plaintiffs have been and will be damaged in an amount to
21 be ascertained, but no less than Fifty Thousand Dollars (\$50,000.00).

22 24. Pursuant to paragraph 3.05 of the Conveyance Agreement, Plaintiffs
23 are entitled to ten percent (10%) interest per annum on the amounts due from the
24 due date, on such amounts as are determined pursuant to the preceding paragraph.

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SECOND CAUSE OF ACTION

(For Breach of Contract - Conveyance Agreement)

(Against the GRACE Defendants)

25. Plaintiffs incorporate herein by reference the allegations contained in paragraphs 1 through 14, and 16 through 20, above, as if the same were fully set forth hereat.

26. Pursuant to paragraph 7.02 of the Conveyance Agreement, the GRACE Defendants are required to take all actions to protect the use of the name "Del Taco" and the "Del Taco System."

27. Plaintiffs are informed and believe, and thereupon allege, that restaurants using the "Del Taco" name or the "Del Taco System" are being operated in a manner not in compliance with the Conveyance Agreement.

28. Plaintiffs are informed and believe, and thereupon allege, that the GRACE Defendants have breached their obligations pursuant to paragraph 7.02 of the Conveyance Agreement by failing to take all action necessary to preserve and protect the use of the "Del Taco" name and the "Del Taco System," as required by the Conveyance Agreement.

29. As a result of the GRACE Defendants' breach of the Conveyance Agreement, as aforesaid, Plaintiffs have been and will be damaged in an amount to be ascertained, but in any event no less than Fifty Thousand Dollars (\$50,000.00).

THIRD CAUSE OF ACTION

(For Breach of the Implied Covenant of Good Faith and Fair Dealing)

(Against the GRACE Defendants)

30. Plaintiffs incorporate herein by reference the allegations contained in paragraphs 1 through 14, 16 through 24, and 26 through 29, above, as if the same were fully set forth hereat.

1 31. In every contract, there is an implied covenant of good faith and fair
2 dealing that neither party will do anything which impairs the right of the other to
3 receive the benefits of the agreement.

4 32. Pursuant to the Conveyance Agreement and the Amendment, the
5 GRACE Defendants were obligated to act fairly and in good faith in dealing with
6 Plaintiffs, and had a duty of good faith and fair dealing in protecting the interests of
7 Plaintiffs.

8 33. By doing the actions as set forth above, the GRACE Defendants have
9 breached the implied covenant of good faith and fair dealing in the Conveyance
10 Agreement and the Amendment.

11 34. As a direct and proximate result of the GRACE Defendants' breach of
12 the implied covenant of good faith and fair dealing, Plaintiffs have been damaged in
13 an amount unknown at the present time, but believed to be, and therefore alleged
14 to be, in excess of One Hundred Thousand Dollars (\$100,000.00).

15
16 FOURTH CAUSE OF ACTION

17 (For Breach of Contract Against Del Taco, Inc. and DOES 31-50)

18 35. Plaintiffs incorporate herein by reference the allegations contained in
19 paragraphs 1 through 140, above, as if the same were fully set forth hereat.

20 36. On or about April 27, 1979, Defendant Del Taco, Inc., and DOES 31-
21 50 (hereinafter the "DEL TACO Defendants") transferred, conveyed, assigned and
22 delivered to Plaintiffs a pro rata interest in all of the DEL TACO Defendants' right,
23 title and interest in the Conveyance Agreement.

24 37. By letter dated April 27, 1979, a copy of which is attached hereto as
25 Exhibit 5 and incorporated herein by this reference as though fully set forth hereat,
26 Defendant Del Taco, Inc. notified the GRACE Defendants of the assignment
27 (hereinafter the "Assignment"), including the rights provided for pursuant to
28

1 Sections 3.01, 3.04, 3.05 and Article 4 of the Conveyance Agreement.

2 38. Plaintiffs are informed and believe, and thereupon allege that in or
3 about July of 1992, the DEL TACO Defendants purported to compromise, transfer
4 and exercise, on their own behalf, those rights which had previously been
5 transferred to Plaintiffs, and which rights no longer lawfully belonged to the DEL
6 TACO Defendants.

7 39. By doing said actions, the DEL TACO Defendants breached the terms
8 of the Assignment to Plaintiffs.

9 40. As a direct and proximate result of the DEL TACO Defendant's breach
10 of the Assignment, Plaintiffs have been and will be damaged in an amount to be
11 determined, but in any event, no less than One Hundred Thousand Dollars
12 (\$100,000.00).

13

14 FIFTH CAUSE OF ACTION

15 (For Breach of the Implied Covenant of Good Faith and Fair Dealing)

16 (Against the DEL TACO Defendants)

17 , 41. Plaintiffs incorporate herein by reference the allegations contained in
18 paragraphs 1 through 14 and 36 through 40, above, as if the same were fully set
19 forth hereat.

20 42. In every contract, there is an implied covenant of good faith and fair
21 dealing that neither party will do anything which impairs the right of the other to
22 receive the benefits of the agreement.

23 43. Pursuant to the Assignment, the DEL TACO Defendants were
24 obligated to act fairly and in good faith in dealing with Plaintiffs, and had a duty of
25 good faith and fair dealing in protecting the interests of Plaintiffs.

26 44. By doing the actions as set forth above, said DEL TACO Defendants
27 breached the implied covenant of good faith and fair dealing in the Assignment.

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1 45. As a direct and proximate result of the DEL TACO Defendants' breach
 2 of the implied covenant of good faith and fair dealing, Plaintiffs have been damaged
 3 in an amount unknown at the present time, but believed to be, and therefore
 4 alleged to be, in excess of One Hundred Thousand Dollars (\$100,000.00).

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 6
 7 SIXTH CAUSE OF ACTION

8 (For Declaratory Relief Against Defendants W. R. Grace & Co.
 9 and Creative Food 'N Fun Company)

10 46. Plaintiffs incorporate herein by reference the allegations contained in
 11 paragraphs 1 through 14, 16 through 21, and 26 through 28, above, as if the
 12 same were fully set forth hereat.

13 47. Plaintiffs are informed and believe, and thereupon allege, that a
 14 dispute presently exists by and among Plaintiffs, Defendant W. R. Grace & Co. and
 15 Defendant Creative Food 'N Fun Company with respect to the rights and
 16 obligations under the Conveyance Agreement, the Amendment, the Modification
 17 and Purchase Agreement, and the Assignment, in that Plaintiffs contend that they
 18 are entitled to receive from said Defendants a percentage of the gross receipts on
 19 all Del Taco Restaurants operated outside of the State of California and Yuma,
 20 Arizona, while Defendants W. R. Grace & Co. and Creative Food 'N Fun Company
 21 contend that Plaintiffs are not entitled to such payments.

22 48. It is necessary and appropriate that this Court declare the rights and
 23 obligations of the parties hereto with respect to the matters described herein at this
 24 time, in that Plaintiffs contend that said Defendants have failed to previously pay
 25 such royalties owed to Plaintiffs, and such royalties on future sales will continue to
 26 be due and owing to Plaintiffs, and would require a multiplicity of actions by
 27 Plaintiffs to recover such funds hereafter, absent a declaration by this Court of said
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1 Defendants' obligations to Plaintiffs.

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SEVENTH CAUSE OF ACTION

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(For Accounting Against All Defendants)

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49. Plaintiffs incorporate herein by reference the allegations contained in paragraphs 1 through 14, 16 through 22 and 24, above, as if the same were fully set forth hereat.

50. The exact amount of the gross receipts of the Del Taco stores, as set forth in paragraph 3.05, and the exact amount of monies owed to Plaintiffs, are unknown and can only be determined by an accounting.

51. Plaintiffs are informed and believe, and thereupon allege, that Defendant Del Taco, Inc., is the owner and operator of, at least, some of the Stores for which payments are due pursuant to paragraph 3.01. Defendant Del Taco, Inc. is named as a Defendant herein as a necessary party, as an accounting cannot properly be rendered, and the amount of the gross receipts and monies owed to Plaintiffs determined, without the involvement and assistance of Defendant Del Taco, Inc., which is therefore a necessary party to this action.

52. Plaintiffs have demanded an accounting by Defendants, and that Defendants pay to Plaintiffs the monies owed pursuant to the Conveyance Agreement. Defendants have failed and refused, and continue to fail and refuse, to render such an accounting and to pay Plaintiffs the sums due to them.

53. Plaintiffs are informed and believe, and thereupon allege, that the monies due to Plaintiffs are in excess of Fifty Thousand Dollars (\$50,000.00).

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EIGHTH CAUSE OF ACTION

(For Intentional Interference With Contractual Relationship)

(Against the DEL TACO Defendants)

54. Plaintiffs incorporate herein by reference the allegations contained in paragraphs 1 through 14, and 16 through 24, above, as if the same were fully set forth hereat.

55. A valid contractual relationship existed between Defendants W. R. Grace & Co. and Creative Food 'N Fun Company, on the one hand, and Plaintiffs, in the form of the Conveyance Agreement and the Amendment.

56. The DEL TACO Defendants had knowledge of the contract.

57. The DEL TACO Defendants intended to induce a breach of the agreement between the other Defendants and Plaintiffs, by avoidance of the payment of the monies due and owing to Plaintiffs by said Defendants.

58. As set forth hereinabove, the GRACE Defendants have breached their obligations to Plaintiffs, which breach was the result of the DEL TACO Defendants' wrongful and unjustified conduct.

59. As a result of said Defendants' conduct, Plaintiffs have suffered damage in an amount to be ascertained but, in any event, no less than Fifty Thousand Dollars (\$50,000.00).

60. The aforementioned conduct of the DEL TACO Defendants, and each of them, was willful and intended to cause injury to Plaintiffs. Plaintiffs are therefore entitled to an award of exemplary or punitive damages.

NINTH CAUSE OF ACTION

(For Intentional Interference With Contractual Relationship)

(Against the GRACE Defendants)

61. Plaintiffs incorporate herein by reference the allegations contained in

1 paragraphs 1 through 14 and 36 through 40, above, as if the same were fully set
2 forth hereat.

3 62. A valid contract existed between Plaintiffs and Defendant Del Taco,
4 Inc., in the Assignment.

5 63. The GRACE Defendants were informed of and had knowledge of the
6 Assignment.

7 64. By virtue of entering into the Modification and Purchase Agreement,
8 the GRACE Defendants intended to induce a breach of the Assignment, which
9 Assignment was in fact breached by the DEL TACO Defendants, by virtue of the
10 GRACE Defendants' wrongful and unjustified conduct.

11 65. Plaintiffs have suffered damages as a result of said breach, in an
12 amount to be ascertained, but in any event no less than One Hundred Thousand
13 Dollars (\$100,000.00).

14 66. The aforementioned conduct of the GRACE Defendants, and each of
15 them, was willful and intended to cause injury to Plaintiffs. Plaintiffs are therefore
16 entitled to an award of exemplary or punitive damages.

17
18 WHEREFORE, Plaintiffs, and each of them, pray for Judgment herein as
19 follows:

20 1. For compensatory damages against all Defendants, and each of them,
21 in a sum to be proven at trial;

22 2. For interest on all monies owed by the GRACE Defendants pursuant to
23 the Conveyance Agreement, at the rate of ten percent (10%) per annum from and
24 since due;

25 3. For exemplary and punitive damages against all Defendants in an
26 amount to be proven at trial;

27 4. For a declaration by the Court declaring the rights and obligations of
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1 the parties with respect to the Conveyance Agreement, and specifically for a
2 declaration that Defendants W. R. Grace & Co. and Creative Food 'N Fun Company
3 are obligated to pay to Plaintiffs a royalty on all restaurants using the Del Taco
4 name or the Del Taco system outside of the State of California and Yuma, Arizona;

5 5. For an accounting between Plaintiffs and Defendants;

6 6. For payment to Plaintiffs of the amount due from the GRACE
7 Defendants as a result of the accounting, and interest on that amount from and
8 after the due date at the rate of ten percent (10%) per annum;

9 7. For costs of suit herein incurred; and

10 8. For such other and further relief as the Court may deem just and
11 proper under the circumstances.

12 DATED: January 18, 1996

CORBETT & STEELMAN

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14
15 By: Richard B. Specter

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